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This executive summary is excerpted from the 2004 (September 2004 Update) Country Commercial Guide for Jordan. The full text of the report is also available on this website.

## **CHAPTER 1. EXECUTIVE SUMMARY**

In recent years Jordan has made considerable progress toward achieving macroeconomic stability and implementing economic reform, especially in the areas of privatization and improving the business and investment climate. It stands out in its region as a model of sound, investor-friendly economic policy.

A Free Trade Agreement (FTA) between Jordan and the United States entered into force in December 2001. Since that time, Jordan has been steadily eliminating tariffs on U.S. imports, a process that will be completed by January 2010. Already 83% of tariffs on U.S. imports have been eliminated. The two countries have concluded a Bilateral Investment Treaty that is designed to bolster confidence between U.S. and Jordanian investors. In April 2000, Jordan acceded to the World Trade Organization (WTO), a process that required the implementation of extensive legislative and regulatory reform.

Jordan is looking to establish itself as a base for regional and international trade, particularly in the midst of the reconstruction of Iraq. The U.S. - Jordan FTA, further development of the special economic zone of Aqaba, and continued growth in the Qualifying Industrial Zones (QIZs) will augment Jordan's economic prospects and commercial appeal. Reforms to the customs, taxation, and investment laws have improved Jordan's business climate.

Jordan's intellectual property (IP) laws meet international standards and are regarded as TRIPS-consistent. Effective enforcement mechanisms and legal procedures are still evolving and improving in Jordan.

Jordan completed a decade of IMF programs in June 2004. This step marks the successful establishment of a sound budgetary and monetary framework for private sector-led growth. In October 2003, the Ministry of Planning and International Cooperation (MOPIC) started to work on a national plan of reform, that will be an extension of the IMF program to pick up where the IMF left off and tackle unfinished business. The objectives of the three-year 2004-2006 economic and social development plan are to: reduce poverty and unemployment, remove distortions in the labor market, narrow the deficit in the budget, reduce public debt as a percent of GDP, distribute benefits among governorates, develop water resources, reduce dependence on foreign aid, encourage private sector initiatives, upgrade productivity of manpower, and restructure certain sectors. The U.S. Embassy is optimistic about Jordan's implementation of this plan and the likelihood for significant progress in the near future.

Jordan's recent economic performance has exceeded expectations, notwithstanding the negative impact of the ongoing Palestinian-Israeli conflict, the aftermath of September 11, 2001, the global war on terrorism, and ongoing conflict in Iraq. Real GDP growth was 3.2% in 2003 led by a strong export performance. Growth is expected to exceed 5% in 2004 and 5.5% in 2005, according to the IMF. Nevertheless, the rate of unemployment in Jordan remains steady at about 15% and underemployment and poverty remain high.

Jordan benefits from a major assistance program under the auspices of the U.S. Agency for International Development (USAID) that focuses on economic growth and productivity enhancing investments and technical assistance in the areas of healthcare, water infrastructure, and economic governance. Annual cash transfers from USAID are conditioned on the implementation of specific policy reforms aimed at speeding privatization, developing capital markets and improving the investment climate. In addition, USAID supports a comprehensive set of economic reform and private enterprise development activities aimed at implementing policy reforms and improving the overall business climate for trade and investment.

In 2003, U.S. exports to Jordan totaled \$359 million. In 2003, Jordanian exports to the U.S. maintained a very fast growth rate to reach \$660 million. Jordanian exports to Iraq rebounded significantly after the ouster of Saddam Hussein. The post-war increase in transit traffic has caused congestion and delays at Aqaba port that are slowly being worked out. Assistance from the U.S. and Gulf countries, an increase in industrial output, and strong export performance have helped Jordan adjust to the economic shock caused by turmoil in Iraq.

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U.S. exporters seeking further recommendations for trade promotion opportunities in Jordan and country-specific commercial information may also wish to visit the website of the U.S. Commercial Service in Jordan at [www.buyusa.gov/jordan](http://www.buyusa.gov/jordan)

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